



Maria C. Andrade-Stern

Senior Contract Administrator

Direct Dial: (202) 261-5396

FAX: (202) 728-0231

mandrade@ui.urban.org

October 30, 2002

Ms. Celeste Fulgham
Regional Contracting Officer
United States Agency for International Development/South Africa
Sancardia Building, 9th Floor
524 Church Street
Arcadia, Pretoria 0007, South Africa

RE: Contract No. LAG-I-00-99-00036-00, Task Order No. 800
UI Project 06967-002, South Africa Access to Housing Finance for Lower Income Households
Quarterly Task Order Progress and Cost Report, July to September 2002

Dear Ms. Fulgham:

Please find enclosed the Quarterly Task Order Progress and Cost Report, July to September 2002, South Africa Access to Housing Finance for Lower Income Households as required under Section F.12 of the above referenced contract.

Please direct any technical questions to Ms. Mary Tomlinson, CoP, UI/Houghton at 011-27-11-642-1872 or E-mail at mtomlinson@hfrp.org.za. Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,

Maria C. Andrade-Stern

Enclosures

cc: Lyn Buckley (USAID/South Africa)
Rebecca Black (USAID/South Africa)
Mary Tomlinson (UI/South Africa)
Dale Gredler (USAID Washington)
USAID Development Clearinghouse
IAC Deliverables File (06967-002)

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

JULY TO SEPTEMBER 2002

**SOUTH AFRICA ACCESS
TO HOUSING FINANCE
FOR LOWER INCOME
HOUSEHOLDS**

Prepared for



South Africa Access to Housing Finance for Lower Income Households
United States Agency for International Development
Contract No. LAG-I-00-99-00036-00, TO No. 800

Prepared by

Mary Tomlinson
Chief of Party
The Urban Institute/South Africa



THE URBAN INSTITUTE

2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

October 2002
UI Project 06967-002

TABLE OF CONTENTS

I.	Highlights	1
II.	Progress of Major Activities	2
III.	Deliverables and Reports	2
IV.	Problems or Delays Affecting Task Order Performance	3
V.	Work Planned for Next Reporting Period	3
VI.	Specific Action Requested	3

Attachment: Cost Report

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JULY TO SEPTEMBER 2002

SOUTH AFRICA ACCESS TO HOUSING FINANCE FOR LOWER INCOME HOUSEHOLDS

Task Order No.: LAG-1-00-99-00036-00, Task Order No. 800

Date of Issuance: September 6, 2000

Amount Obligated Under Task Order: \$ 2,476,660

Total Potential Task Order Amount: \$ 3,771,314

Dollars Expended To-date: \$ 1,550,421

Key Personnel: Prime Contractor Contact: Mary R. Tomlinson, CoP
Phone: +27 11 484 5278
Email: mtomlinson@hfrp.org.za

Task Order Description:

In September 2000, the South African Mission of the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a two-year project to improve access to housing finance for low-income households; the project has since been extended for two additional years. The specific aim of the project is to increase access to adequate housing for historically disadvantaged and lower income households in South Africa by providing better access to credit. As part of this effort, UI provides technical assistance, training and financial support to innovative initiatives by national and local governments, parastatal financial institutions, commercial financial institutions and non-governmental organizations (NGOs), that want to carry out housing finance related projects.

As required by Section F.12 of the Contract, a description of the progress under Task Order No. 800, during this quarter is set out below.

I. HIGHLIGHTS

- The contract between UI and USAID was extended until Sept 2004;
- A number of new applications for funding have been processed (see section ii below); and
- Arising from its funded projects, the following activities occurred:
 - Hosted a presentation for the financial sector of the research report, "The Calm Before the Storm: Perceptions Of, and Responses To the Risk of HIV/AIDS in the Low-Income Housing Finance Sector," by Quindiem Consulting.

- Hosted a presentation to the board of Cope Housing Association of "Cope Hardship Cover Proposals," by Quindiem Consulting.
- Presentation to the social housing sector of "Cope Hardship Cover Proposals," by Quindiem Consulting.
- Presented paper, "Investigation Into the Relative Energy Consumption Levels and Costs of Alternative Locations for Low Income Housing," at the Johannesburg Sustainable Development Conference (2002).

II. PROGRESS OF MAJOR ACTIVITIES

Receiving, assessing, approving applications for contracting for funding assistance. The HFRP has worked intensively this quarter to process a number of new funding applications. Project files have been opened and are in various stages of processing for the following:

- Built Environment Support Group (BESG) request to fund an investigation into the resale of subsidized housing units with the aim of identifying features of the emerging informal housing market and potential impact on housing credit demand;
- People's Dialogue request to fund an investigation aimed at facilitating access to subsidies for informal self-build housing delivery projects;
- NURCHA request to fund a feasibility study and the formulation of a Business Plan aimed at facilitating the development of a small private landlord rental sector in inner cities;
- NURCHA request to fund a feasibility study and the formulation of a Business Plan aimed at facilitating the development of an informal backyard rental market delivering improved rental products;
- Protea Finance request to fund the development of a non-discriminatory and objective scorecard for determining credit risk for alternative lenders;
- ICHUT/NHFC request to carry out a feasibility study and the development of a Business Plan aimed at expanding ICHUT's bridging finance role in lending to social housing projects in inner cities;
- Banking Council, on behalf of the African Union for Housing Finance, request to develop and establish a monitor of informal settlement upgrading policies and programs on a continental basis as a means of promoting informal settlement upgrading, and thereby stimulating private sector investment and the flow of housing credit in such settlements;
- Cope Housing Association request to fund the preparation of a financial model that will facilitate fair tenant equity contributions in cooperative housing projects, and enable tenants to receive a return on equity upon departure from such projects;
- Johannesburg Development Agency request to carry out an assessment into the investment climate for housing in the Johannesburg CBD, with an emphasis on the potential impact of investment in the Better Buildings Programme; and
- Kuyasa Fund request for a grant to fund its savings-linked credit operations.

III. DELIVERABLES AND REPORTS

Reports and Occasional Papers produced during this quarter:

- Alexandra Renewal Project: Summary of Observations and Suggested Next Steps Privately Owned Housing Investment Initiatives from the Shorebank Advisory Services.
- Occasional Paper 5, *An Assessment of Rental Housing in South Africa*.
- Occasional Papers 6 & 7, *The Calm Before the Storm: Perceptions of, and responses to, the risk of HIV/AIDS in the low-income housing finance sector*.

Currently the HFRP Occasional Papers series is the only housing publication in South Africa.

IV. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE

None at this time.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

The HFRP operates as a demand-driven program, meaning housing sector organizations approach it when they feel the need for funding. Hence, on the one hand the HFRP must wait to be approached for assistance. On the other hand, the HFRP is still quite able to take steps to ensure that the focus areas set out in its Strategic Plan for 2002 are addressed. This it does through continually networking with housing sector organizations, e.g. in the next quarter the HFRP will be:

- Attending the Institute of Housing for South Africa's Annual Conference;
- Meeting with representatives of the Micro Finance Regulatory Council to discuss funding work around HIV/AIDS;
- Meeting with the Minister of Housing and the CEO of the Banking Council to discuss the way forward on the Job Summit;
- Meeting with the MD of ICHUT to discuss funding work around the effectiveness of importing foreign models into South Africa's Social Housing Sector;
- Lecturing at the University of the Witwatersrand's Public and Development Management Programme on *The Funding Environment for Affordable Housing*; and
- Attending the AGM of the Home Loan Guarantee Company.

VI. SPECIFIC ACTION REQUESTED

None at this time.